



Montgomery County Council

From the Office of Council President Valerie Ervin

February 2, 2011

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**STATEMENT BY
MONTGOMERY COUNTY EXECUTIVE ISIAH LEGGETT AND
COUNCIL PRESIDENT VALERIE ERVIN**

**ON SENATE BILL 53
EDUCATION – WAIVER FROM MAINTENANCE OF EFFORT REQUIREMENT
– PROCESS AND FACTORS**

MARYLAND SENATE BUDGET AND TAXATION COMMITTEE

February 2, 2011

As the Montgomery County Executive and President of the Montgomery County Council, we understand the severe pressures our State colleagues face as you address the Governor's proposed budget for FY12. Like other counties, we confront similar problems of our own.

One common-sense action the State could take to help us is to amend the maintenance of effort law for school funding. We strongly support the intent of this law. But in practice, it is inflexible and illogical.

The law requires funding for next year's Montgomery school budget that is \$82 million, or 5.8 percent, higher than this year's local appropriation of \$1.4 billion, even though we face a \$300 million gap in our overall budget – a gap that in percentage terms is equal to the gap that the State must close. The law ignores the fact that over the last decade the County has funded our schools at \$577 million above the maintenance of effort requirement. It also assumes that legitimate budget savings and productivity improvements are impossible to achieve.

In addition, the law rigidly maintains school funding at the expense of other services that are equally vital to our children. Montgomery's FY 2011 budgets for police, fire, safety net and other core county services are down for the first time in more than 40 years, some by more than 20 percent. The coming year promises more of the same.

We care deeply about children not only when they are in school but also when they are not. Yet there is no state-mandated maintenance of effort funding requirement for health and human services, libraries, public safety, or transportation. These and other services are also essential to our one million residents, especially our children.

As a result of our severe budget pressures, our employees have had to make personal sacrifices in their compensation. In FY 2010 and 2011, funds for employee COLAs were not available, and this year there were no step increases either. For employees of County Government, Montgomery College, and the Park and Planning Commission, there also were furloughs. In the last two years the County Government workforce has declined from about 10,000 full-time positions to 9,000. If the County had not reluctantly approved large tax increases on energy and cell phones, the reductions we have had to make would have been even deeper.

In 2009 the State Board of Education rejected the County's request for a waiver from the maintenance of effort law. We appreciate the relief that the Legislature provided from the \$23 million penalty imposed by the State Board. Last year the Board grudgingly granted a waiver but made clear its dislike of the request. Yet the County's world-class school system, made possible by our massive financial commitment, is a huge contributor to Maryland's No. 1 ranking for educational performance.

We have heard the argument that other counties are not having trouble meeting the law's requirement. We respectfully submit that while this is technically true, it is not the case that all other jurisdictions are increasing education funding in the current economic climate. Exactly half of all Maryland jurisdictions experienced a decline in enrollment from FY10 to FY11, automatically resulting in a *lower* MOE requirement. Other jurisdictions have been able to meet MOE with *lower* education funding, or a very small increase. In contrast, Montgomery County is experiencing huge year over year enrollment growth. In the past three years, MCPS has increased enrollment by over 6,000 students, which is more than the total enrollment of seven Maryland school systems. The number of additional students combined with the high per pupil dollar base leads to much higher MOE increases in recent years than any other jurisdiction has been faced with. And this is occurring at a time of historic decline in local income tax revenues.

We applaud the General Assembly's effort to complete the work it began last year on reforming the law. We support the changes included in SB53 and HB44. We also support MACo's proposal to defer for one year the application of any financial penalty imposed under the law. It is impractical and self-defeating to deprive a county of State school funds at the very moment when it is desperately short of funds for all essential government services.

At the same time, we think Senate Bill 53 provides an opportunity to consider several other improvements to the MOE law. First, we think it makes sense to allow current year savings achieved through cooperation between counties and school boards to be applied to the following year's MOE appropriation. We also support addition of an appeals process to the Board of Public Works and suggest replacing the counter-productive financial penalty with a remediation plan to continue to improve school performance.

We also need to refocus on the original intent of the law which was a shared goal to maintain local investment as one means to improve the educational outcomes of our children. Therefore, progress toward school system and student performance goals should be included as a primary consideration by the State Board when considering a waiver request and by the Superintendent as she considers whether a county is complying with the State program of public education.

We urge you, our partners in Annapolis, to make this issue a top priority. We face common fiscal challenges, and we must work together to protect our common fiscal future.

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